

Message Text

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TAGS: GATT, ETRD, RO

SUBJ: GATT AND HRE ROMANIAN TARIFF

REFS: (A) GENEVA 1478 (B) GENEVA 1424 (C) BUCH 910

(D) BUCH 757 (E) BUCH 516

1. FOREIGN TRADE MINISTER-STATE SECRETARY NICOLAE NICOLAE ASKED TO SEE ME MARCH 6 TO CONVEY THE GOR'S DEEP DISAPPOINTMENT AND CONCERN AT THE POSITION TAKEN BY US DELEGATION AT GENEVA ON THE ROMANIAN CUSTOMS TARIFF (REFTEL A). NICOLAE WAS SUPPORTED BY DEPUTY MINISTER STANCIU AND DIRECTOR DUMITRESCU FROM MFT AND DIRECTOR ZARA OF MFA. NICOLAE COMMENTED AT ONE POINT THAT HE HAD TURNED TO US BECAUSE, SINCE THE EC DELEGATION HAD WITHDRAWN ITS PROPOSED STATEMENT ON THE ROMANIAN TARIFF IN FAVOR OF OUR FORMULATION (THAT THE TARIFF "HAS SOME BUT NOT DETERMINING EFFECT"), THE GOR WAS LED TO CONCLUDE THAT IT MUST HENCEFORTH ADDRESS ITSELF TO THE US.

2. NICOLAE AND HIS COLLEAGUES COVERED SOME OF THE POINTS REPORTED
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IN REFTELS D AND E. NICOLAE DESCRIBED THE CUSTOMS TARIFF AS AN

IMPORTANT STEP IN ROMANIA'S ATTEMPT TO ACCOMMODATE ITS ECONOMIC SYSTEM TO THE WEST, WITH TWO MAIN GOALS: (1) TO PERMIT EXTERNAL PRICES TO HAVE A "CERTAIN EFFECT"--NOT NECESSARILY IMMEDIATE -- ON DOMESTIC PRICES, AND (2) TO ENABLE ROMANIA TO PARTICIPATE IN THE GATT ON THE SAME BASIS AS OTHER COUNTRIES. ON (2), NICOLAE REMARKED THAT ROMANIA COULD NOT INDEFINITELY CONTINUE ON THE BASIS OF "COMMITMENTS", WHEN OTHER COUNTRIES DID NOT KEEP THE COMMITMENTS THEY HAD MADE.

3. DUMITRESCU READ A NOTE VERBALE (HE DID NOT GIVE US COPY) SKETCHING THE CHRONOLOGY OF THE GATT WP INCLUDING US REPRESENTATIVE WELCOMING ROMANIAN INTRODUCTION OF TARIFF AT 1973 GATT SESSION, AND GIVING THE ROMANIANVIEW OF ITS INTENDED PURPOSE. A POINT REPEATED SEVERAL TIMES DURING THE MEETING WAS THAT IN THE ROMANIAN VIEW CONSIDERATION OF THE TARIFF'S "EFFECTIVENESS" OR LACK OF IT FELL OUTSIDE THE INTENDED SCOPE OF THE WP, WHICH WAS CONSTITUTED SOLELY TO DETERMINE WHETHER THE TARIFF "CONFORMS TO GATT NORMS". (NICOLAE CONTENTED NEVERTHELESS THAT THE TARIFF IS EFFECTIVE BOTH IN PRICE FORMATION AND IMPORT ORIENTATION AND ALSO REPEATED A WILLINGNESS TO DISCUSS "EFFECTIVENESS" WITH US.) THERE WAS THEREFORE NICOLAE SAID NO NEED TO DELAY ACTION FOR A PERIOD OF TWO YEARS, AS DUMITRESCU MENTIONED HAD BEEN SUGGESTED BY THE US, IN ORDER TO OBSERVE THE FUNCTIONING OF THE TARIFF; ALL INFORMATION NEEDED TO CARRY OUT THE WP'S TASK ALREADY HAD BEEN OR COULD BE SUPPLIED BY THE GOR. NICOLAE RENEWED THE ROMANIAN INVITATION FOR OBSERVERS TO COME TO BUCHAREST TO VIEW FIRST-HAND THE OPERATION OF THE TARIFF MECHANISM OR EXPERT DISCUSSIONS COULD BE HELD ELSEWHERE.

4. NICOLAE POINTED OUT THAT THE HUNGARIAN TARIFF HAD BEEN ACCEPTED AND HUNGARY ADMITTED TO GATT WITHOUT THE IMPORT COMMITMENT REQUIRED OF ROMANIA. WHERE DID THE DIFFERENCE LIE? IF THE DIFFERENCE LAY IN HUNGARY'S IMPOSITION OF NON-MFN TARIFF RATES, THAT ALTERNATIVE WAS OF COURSE OPEN TO ROMANIA AS WELL. STANCIU, IN A STRONGLY-FELT EXPOSITION, IMPLIED IT WOULD BE USED IF THE US MAINTAINED ITS POSITION.

5. NICOLAE SUMMED UP BY SAYING THAT THE SINGLE QUESTION UNDER CON-

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SIDERATION SHOULD BE WHETHER THE ROMANIAN TARIFF DID OR DID NOT CONFORM TO GATT NORMS. THE GOR BELIEVED IT DID CONFORM, AND HAD BACKED UP THIS BELIEF IN THE ANSWERS GIVEN TO QUESTIONS SUBMITTED BY MEMBERS OF THE WP. IF THE GOR WAS NOT BELIEVED, IT SHOULD BE TOLD OF THE WAYS IN WHICH ITS TARIFF DID NOT CONFORM; THIS SHOULD BE DONE AS SOON AS POSSIBLE, BECAUSE THE TARIFF MECHANISM WAS NOW BEING PUT INTO ITS FINAL FORM BEFORE ENTERING INTO FULL OPERATION APRIL 1, AND THE GOR WOULD LIKE TO PUT IT INTO THE "MOST EFFECTIVE"

FORM.

6. I RESPONDED BY RECALLING US SUPPORT FOR ROMANIA'S APPLICATION TO ENTER THE GATT AND FOR ITS ADOPTION OF A CUSTOMS TARIFF. SOME POINTS, HOWEVER, WERE STILL NOT CLEAR TO THE US SIDE AT LEAST TO THOSE AT THE EMBASSY AND I HAD REQUESTED CLARIFICATION FROM WASHINGTON. IT WAS NOT EASY I FELT TO DETERMINE WHETHER THE ROMANIAN TARIFF DID OR DID NOT CONFORM TO GATT NORMS. I KNEW THAT THE POSITION EXPRESSED IN GENEVA--THAT THE ROMANIAN TARIFF HAS SOME BUT NOT A DETERMINING EFFECT--REFLECTED THE QUESTIONS WE STILL HAD. I COULD NOT PROMISE OUR POSITION WOULD CHANGE, BUT I AGREED THAT A FURTHER ATTEMPT TO REACH DEEPER UNDERSTANDING ON THE TARIFF MECHANISM WAS NEEDED. TO THIS END, FURTHER EXPERTS' MEETINGS SEEMED USEFUL, AND THE SUGGESTED VISIT TO ROMANIA MIGHT BE ONE POSSIBILITY.

7. NICOLAE SAID THAT IN ANY CASE THE GOR WISHED TO GIVE THE EMBASSY A FULL BRIEFING ON THE TARIFF SINCE IT WAS CLEAR WE HAD QUESTIONS STILL. I ACCEPTED HIS OFFER AND DESIGNATED OUR NEW ECONOMIC/COMMERCIAL COUNSELOR.

8. COMMENT: IN ROMANIAN EYES, AT LEAST, WE ARE NOW OUT IN FRONT OF THE EC DELEGATION, WHERE WE BECOME HIGHLY VULNERABLE TO THE APPLICATION OF NON-MFN RATES UNDER THE ROMANIAN TARIFF. THIS REINFORCES THE FEELING EXPRESSED IN EARLIER TELEGRAMS THAT WE SHOULD FOCUS ON FURTHER EXPLORATION OF THE SUBSTANTIVE ISSUES. REASONS FOR SO DOING ARE BOTH IN TERMS OF OUR OVERALL RELATIONS WITH ROMANIA IN ENCOURAGING GREATER INVOLVEMENT IN THE WORLD TRADING SYSTEM AND ALSO SO AS NOT TO PRECIPITATE A DEMONSTRATIVE INVOCATION OF NON-MFN RATES AGAINST US EXPORTS TO SHOW US THE TARIFF IS SERIOUS.

BARNES

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